

HOUSING AUTHORITY OF THE
BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey

FINANCIAL STATEMENTS
For the Years Ended March 31, 2017 and 2016

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
Table of Contents

TABLE OF CONTENTS

	<u>PAGE</u>
Management's Discussion and Analysis	1-5
Independent Auditor's Report	6-7
<u>FINANCIAL STATEMENTS</u>	
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Net Position	9
Statement of Cash Flows	10
Notes to Financial Statements	11-28
<u>SUPPLEMENTAL INFORMATION</u>	
Schedule of Expenditures of Federal Awards	29
Schedule of the Authority's Proportionate Share of the Net Pension Liability	30
Schedule of the Authority's Contributions to the Public Employees Retirement System	31
Financial Data Schedule	32-36
<u>OTHER REPORTS AND COMMENTS</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	37-38
Independent Auditor's Report on Compliance For Each Major Program and Internal Control Over Compliance Required by the Uniform Guidance	39-40
Schedule of Findings and Questioned Costs	41

MANAGEMENT'S DISCUSSION AND ANALYSIS
Housing Authority of the Borough of Cliffside Park
March 31, 2017

As Management of the Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2016. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this Report.

A Financial Highlights

1- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$9,599,389 (net position) as opposed to \$10,025,930 for the prior fiscal year.

2 – As of the close of the current fiscal year, the Authority's Proprietary Fund reported ending Unrestricted Net Position of (\$621,008) and \$1,024 of Restricted Net Position.

3 – The Authority's cash and cash equivalent balance at March 31, 2017 was \$2,257,709 representing an increase of \$1,092,768 from the prior fiscal year.

4 – The Authority's Investments were \$946,783 at March 31, 2017 representing an decrease of \$911,671 from the prior fiscal year

5 – The Authority had Total Operating Revenues of \$7,177,873 and Total Operating Expenses of \$7,804,390 (including depreciation of \$584,811) for the year ended March 31, 2017.

6 – The Authority's capital outlays for the fiscal year were \$267,873, of which \$182,418 was funded by the Authority's Capital Fund Program. The remainder was funded through a Community Development Block Grant.

7 – The Authority's Expenditures of Federal Awards amounted to \$5,322,012 for the fiscal year.

B Using the Annual Report

1 – Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's statements and Notes to Financial Statements included in this Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for proprietary fund types.

2 – Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of the Comparative Statements of Net Position, the Comparative Statements of Revenues, Expenses, and Changes in Net Position, and the Comparative Statements of Cash Flows.

The Comparative Statements of Net Position present information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

B Using the Annual Report (Continued)

2 – Financial Statements (Continued)

The Comparative Statement of Revenues, Expenses and Changes in Net position present information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of unrelated cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g.; depreciation and earned but unused vacation leave).

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 8 through 10.

3 – Notes To Financial Statements

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The Notes to Financial Statements can be found in this Report after the financial statements.

4 – Supplemental Information

The schedule of expenditures of Federal awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Title 2 U.S Code of Federal Regulations (CFR) part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-profit Organizations. The schedule of expenditures of Federal awards can be found on page 29 of this report.

C The Authority as a Whole

The Authority's Net Position decreased during the fiscal year as detailed below. The Authority's revenues are primarily subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's expenses exceeded revenues by \$41,706 when adjusted for depreciation of \$584,811.

By far, the largest portion of the Authority's net position reflects its investment in capital assets (e.g., land, buildings, equipment and construction in progress). The Authority uses these capital assets to provide housing services to its tenants. Consequently, these assets are not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

D Budgetary Highlights

For the year ended March 31, 2016 individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. (Also, the Authority adopted a comprehensive annual budget for the General Fund.) The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

D Budgetary Highlights (Continued)

As indicated by the excess of revenues over expenses, when adjusted by depreciation expense, the Authority's Net Position increased during the fiscal year. The increase is indicative of the Authority operating within its budgetary limitations in total, for all its programs.

E Capital Assets and Debt Administration

1 – Capital Assets

As of March 31, 2017, the Authority's investment in capital assets for its Proprietary Fund was \$10,219,373 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

Major capital assets purchased from grants of \$182,418 during the fiscal year pertained to expenditures made in accordance with the Authority's Capital Fund Programs. These activities are funded by grants from HUD.

Additional information on the Authority's capital assets can be found in Note 6 to the Financial Statements which is included in this Report

2 – Long Term Debt

The Authority does not have any long-term debt outstanding at this time.

F – Significant Changes from Fiscal Year Ended March 31, 2016 to March 31, 2017

Accounts Receivable HUD increased by \$92,782 due to operating subsidy that was drawn down after year end.

Accounts Receivable – Miscellaneous increased by \$37,189 due to insurance proceeds due from a fire claim.

Accrued Pension Costs and Employee benefits increased due to the adoption of GASB 68; Accounting and Reporting for Pensions.

Extraordinary Maintenance increased due to the costs associated with the fire as well as RAD conversion costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

G Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ending March 31, 2018.

1 – The state of the economy, particularly its effect on tenant incomes, which are used in determining tenant rents paid to the Authority.

2 – The availability of the Authority's Unrestricted Net Position to fund any shortfalls rising from a possible economic turndown and reduced subsidies and grants.

3 – Effective April 1, 2017 the Authority converted to RAD

H Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the Borough of Cliffside Park, 500 Gorge Road, Cliffside Park, New Jersey 07010, or call (201) 941-0655.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Composition of Net Position is as follows:

	<u>Year Ended</u>	
	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Cash and Other Current Assets	\$ 3,367,687	\$ 3,064,182
Capital Assets - Net	10,219,373	10,536,310
Deferred Outflows	1,143,567	537,760
Total Assets	14,730,627	14,138,252
Less: Total Liabilities	(5,074,998)	(4,063,499)
Deferred Inflows	(56,241)	(48,823)
Net Position	\$ 9,599,388	\$ 10,025,930
Invested in Capital Assets	10,219,373	10,536,310
Unrestricted Net Position	1,024	12,926
Restricted Net Position	(621,008)	(523,306)
Total Net Position	\$ 9,599,389	\$ 10,025,930

Computations of Changes in Net Position are as follows:

	<u>Year Ended</u>	
	<u>March 31, 2017</u>	<u>March 31, 2016</u>
<u>Revenues</u>		
Tenant Revenues	\$ 1,485,049	\$ 1,464,654
HUD Subsidies	5,139,533	4,837,854
Other Income	553,291	479,182
Total Operating Revenues	7,177,873	6,781,690
<u>Expenses</u>		
Operating Expenses excluding depreciation	7,219,579	6,904,109
Depreciation Expense	584,811	584,884
Total Operating Expenses	7,804,390	7,488,993
Deficiency of Operating Revenues Over Expenses	(626,517)	(707,303)
<u>Non-Operating Revenues</u>		
Interest on Investments	17,557	20,504
Deficiency of Revenues Over Expenses Before Capital Grants Received	(608,960)	(686,799)
<u>Capital Grants</u>		
HUD Capital Grants	182,418	390,537
Excess Revenues/(Deficiency)	(426,542)	(296,262)
Net Assets Prior	10,025,930	12,698,391
Prior Period Adjustment	-	(2,376,199)
Total Net Position	\$ 9,599,388	\$ 10,025,930



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the borough of Cliffside Park
Cliffside Park, New Jersey

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WAYNE, NEW JERSEY 07470
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We have audited the accompanying financial statements of the Housing Authority of the Borough of Cliffside Park (the Authority), which comprise of the Statement of Net Position as of March 31, 2017 and the related Statement of Revenues, Expenses and Changes in Net Position and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Borough of Cliffside Park, as of March 31, 2017, and the changes in net position, and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the financial statements, in 2016, the Authority adopted new accounting guidance; GASB Statement No. 68 Accounting for Pensions. Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITOR'S REPORT

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis presented on pages 1-5 and the Schedule of the Authority's Proportionate Share of the Net Pension Liability presented on pages 28 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Housing Authority of the Borough of Cliffside Park. The Financial Data Schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Financial Data Schedule, Schedule of Expenditures of Federal Awards and the Statement and Certification Completed Modernization Grants are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, the Financial Data Schedule, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* we have also issued our report dated October 30, 2017 on our consideration of the Housing Authority of the Borough of Cliffside Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.


POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
October 30, 2017

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
COMPARATIVE STATEMENTS OF NET POSITION
At March 31, 2017 and 2016

ASSETS AND DEFERRED OUTFLOW OF RESOURCES

<u>CURRENT ASSETS</u>	2017	2016
Cash and Cash Equivalents - Unrestricted	\$ 2,158,014	\$ 1,065,532
Cash - Restricted	1,279	14,201
Cash - Tenant Security Deposits	98,416	85,208
Investments - Unrestricted	946,783	1,858,454
Accounts Receivable - Tenants (Net)	611	1,586
Accrued Interest Receivable	1,726	6,988
Accounts Receivable - Other	37,189	1,055
Accounts Receivable - HUD	92,786	-
Prepaid Expenses and Other Current Assets	30,883	31,158
Total Current Assets	<u>3,367,687</u>	<u>3,064,182</u>
<u>FIXED ASSETS</u>		
Land	586,165	586,165
Buildings and Improvements	19,397,997	19,255,497
Furniture, Equipment and Machinery	1,908,933	1,860,977
Construction in Progress	442,600	365,182
Total Fixed Assets	22,335,695	22,067,821
Less: Accumulated Depreciation	<u>(12,116,322)</u>	<u>(11,531,511)</u>
Net Fixed Assets	<u>10,219,373</u>	<u>10,536,310</u>
Deferred Outflow of Resources	<u>1,143,567</u>	<u>537,760</u>
Total Assets	<u>\$ 14,730,627</u>	<u>\$ 14,138,252</u>

LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION

<u>CURRENT LIABILITIES</u>		
Accounts Payable:		
Vendors and Contractors	\$ 51,964	\$ 36,034
HUD	4,331	4,076
Due to Tenants:		
Security Deposits	98,416	85,208
Accrued Liabilities:		
Compensated Absences - Current portion	19,103	18,630
Payment in Lieu of Taxes	80,721	84,098
Accrued Liabilities-Other	62,741	59,598
Unearned Revenues	1,790	5,639
Total Current Liabilities	319,066	293,283
Accrued Pension and OPEB Liabilities	4,584,006	3,602,540
Accrued Compensated Absences - Noncurrent	171,926	167,676
Total Liabilities	<u>5,074,998</u>	<u>4,063,499</u>
Deferred Inflow of Resources	<u>56,241</u>	<u>48,823</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	10,219,373	10,536,310
Restricted Net Position	1,024	12,926
Unrestricted Net Position	<u>(621,009)</u>	<u>(523,306)</u>
Total Net Position	<u>\$ 9,599,388</u>	<u>\$ 10,025,930</u>

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
COMPARATIVE STATEMENTS REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended March 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>OPERATING REVENUES</u>		
Tenant Rental & Other Revenue	\$ 1,485,049	\$ 1,464,654
HUD Grants - Operating	5,139,533	4,837,854
Other Revenues	553,291	479,182
Total Revenues	<u>7,177,873</u>	<u>6,781,690</u>
<u>OPERATING EXPENSES</u>		
Administration	1,188,982	1,046,079
Housing Assistance Payments	3,832,704	3,820,397
Tenant Services	350,266	313,265
Utilities	667,094	623,672
Ordinary Maintenance & Operations	891,864	880,675
General Expense	288,669	220,021
Depreciation Expense	584,811	584,884
Total Operating Expenses	<u>7,804,390</u>	<u>7,488,993</u>
EXCESS OF OPERATING EXPENSES OVER REVENUES	(626,517)	(707,303)
Non Operating Revenues/(Expenses):		
Interest Income	<u>17,557</u>	<u>20,504</u>
Income / (Loss) Before Contributions and Transfers	(608,960)	(686,799)
Capital Grants	<u>182,418</u>	<u>390,537</u>
DECREASE IN NET POSITION	(426,542)	(296,262)
Beginning Net Position	<u>10,025,930</u>	<u>12,698,391</u>
Prior Period Adjustments	<u>-</u>	<u>(2,376,199)</u>
Ending Net Position	<u>\$ 9,599,388</u>	<u>\$ 10,025,930</u>

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
COMPARATIVE STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2017 and 2016

	2017	2016
<u>CASH FLOWS FORM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 1,482,174	\$ 1,457,850
From Government Agencies for Operating Grants	5,047,002	4,891,342
From Other Operating Revenues	553,291	479,182
Cash Paid:		
To Employees for Operations	(981,073)	(973,702)
To Suppliers for Operations	(2,038,165)	(1,859,865)
For Housing Assistance Payments	(3,832,704)	(3,820,397)
Net Cash Provided/(Used) by Operating Activities	230,525	174,410
<u>CASH FLOWS FROM CAPITAL AND</u>		
<u>RELATED FINANCING ACTIVITIES</u>		
Capital Grants Received	182,418	390,537
Acquisition of Property and Equipment	(267,873)	(355,538)
Net Cash Provided/(Used) by Capital and		
Related Financing Activities	(85,455)	34,999
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Security Deposits Collected	13,208	7,477
(Purchase) Sales of Investments	911,671	214,204
Investment Income	22,819	17,008
Net Cash Provided by Investing Activities	947,698	238,689
Net increase (decrease) in Cash and Cash Equivalents	1,092,768	448,098
Cash and Equivalents at Beginning of Period	1,164,941	716,843
Cash and Equivalents at End of Period	\$ 2,257,709	\$ 1,164,941
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>		
<u>TO NET CASH PROVIDED (USED) BY OPERATIONS</u>		
Operating Income (Loss)	\$ (626,517)	\$ (707,303)
Adjustments to Reconcile Operating Income (Loss) to Net		
Cash Provided (Used) by Operating Activities:		
Depreciation	584,811	584,884
Deferred Outflow of Resources	(605,807)	(537,760)
Deferred Inflow of Resources	7,418	48,823
Decrease (Increase) in Assets		
Accounts Receivable - Tenants	975	(615)
Accounts Receivable - HUD	(92,786)	52,213
Accounts Receivable - Other	(36,134)	737
Prepaid Expenses and Other Current Assets	275	62,525
Increase (Decrease) in Liabilities		
Accounts Payable	15,930	(25,966)
Accounts Payable - HUD	255	1,275
Accrued Liabilities - Other	3,143	8,187
Deferred Revenue	(3,850)	(6,189)
Compensated Absences	4,723	(17,697)
Accrued Pension and OPEB Liabilities	981,466	699,336
PILOT Payable	(3,377)	11,960
Net Cash Provided/(Used) by Operating Activities	\$ 230,525	\$ 174,410

See Notes to Financial Statements

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 –Summary of Organization, Activities and Significant Accounting Policies:

1. Organization and Activities – The Housing Authority of The Borough of Cliffside Park (the Authority) is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 4A: 12A-1, et. Seq., the “Housing Authority Act”). The Authority is governed by a board of seven members who serve five year terms. The governing board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An executive director is appointed by the housing authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance and management of public housing for low and moderate income families residing in the Borough of Cliffside Park, New Jersey. Operating and modernization subsidies are provided to the Authority by the federal government. Rent subsidies are provided to eligible tenants under the Federal Housing Assistance Payments (Section 8) Program.

The Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity. The Authority has concluded that it is excluded from the Borough's reporting entity since the Borough does not designate management, does not influence operations, does not have responsibility for fiscal matters and does not have a funding relationship with the Authority.

The combined financial statements include all accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The federally funded programs administered by the Authority are detailed on the Financial Data Schedule and the Schedule of Expenditures of Federal Awards, both of which are included as Supplemental Information.

2. Significant Accounting Policies

a. Basis of Accounting – The financial statements of the Authority are prepared using the accrual basis of accounting in order to recognize the flow of economic resources. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses recognized in the period incurred, if measurable. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities. All assets, liabilities, net position, revenue and expenses are accounted for using a single enterprise fund for the primary government.

Revenue – The major sources of revenue are various subsidies and grants received from the United States Department of Housing and Urban Development, charges to tenants and other miscellaneous revenues discussed below.

Federal Grant Revenue – Operating subsidies, Section Eight housing assistance grants and Capital Fund Program revenue received from HUD are recorded under the accrual method of accounting and are recognized in the period earned in accordance with applicable HUD guidelines. The Authority is generally entitled to receive funds from HUD under an established payment schedule or as expenditures are made under the Capital Fund Program or Comprehensive Improvements Assistance Program. Under the HCV Program, the subsidy is determined based on the prior year HAP and administrative expenditures, and the overfunded or underfunded amount, if any, is to be retained by the Authority in accordance with HUD guidelines. Advance payments received for the subsequent fiscal year are recorded as deferred revenue.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):

Tenant Charges – Rental charges to tenants are determined and billed monthly and are recognized as revenue when billed since they are measurable and collectible within the current period. Amounts not collected at year-end are included in the balance sheet as accounts receivable, and amounts paid by tenants for the subsequent fiscal year are recorded as deferred revenue.

Miscellaneous Income – Miscellaneous revenue consists primarily of miscellaneous service fees. The revenue is recorded as earned since it is measurable and available.

Report Presentation – The financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to governmental entities for Proprietary Fund Types. The Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" (Statement No. 34). The Authority also adopted the provisions of Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" and Statement NO. 38 "Certain Financial Statement Note Disclosures", which supplement Statement No. 34. Statement No. 34 established standards for all state and local governmental entities that includes a statement of net position, a statement of activities and a statement of cash flows. It requires the classification of net position into three components – Net Investment in Capital Assets; Restricted Net Position and Unrestricted Net Position. Statement No. 63 requires the re-naming of the Statement of Net Assets to the Statement of Net Position. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities and deferred inflows of resources and net position. These classifications are defined as follows:

Net Investment in Capital Assets – This component consists of land, construction in progress and depreciable assets, net of accumulated depreciation and net of the related debt outstanding. If there are significant unspent related debt proceeds as of year-end, the portion of the debt related to the unspent proceeds is not included in the calculation of Invested in Capital Assets, Net of Related Debt. Rather, that portion of the debt is included in the same net asset component as the unspent proceeds.

Restricted Net Position – This component includes net assets subject to restrictions placed on net asset use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by the law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component consists of net assets that do not meet the definition of Restricted Net Position or Invested in Capital Assets, Net of Related Debt.

The adoption of Governmental Accounting Standards Board Statements 34, 37 and 38 have no significant effect on the basic financial statements, except for the classification of net position in accordance with Statement No. 34.

Significant accounting policies are as follows:

1 – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash and certificates of deposit and other investments with original maturities of less than three months from the date of purchase. Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 –Summary of Organization, Activities and Significant Accounting Policies (Continued):

2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.

3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis. Interest costs necessary to place a Capital Asset in its intended location and condition are capitalized.

4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.

5 – The Authority is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.

6 – Operating subsidies received from HUD are recorded as income when earned.

7 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.

8 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

9 – Inventories in the Proprietary Fund consist of supplies and are recorded at the lower of first-in first-out, cost or market.

10 - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.

11 - The Authority has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

12 – The Authority does not have any infrastructure assets for its Proprietary Fund.

13 – Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which the transactions are executed.

14 - Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset, and long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. As of March 31, 2017, the Authority has not recognized any reduction in the carrying value of its fixed assets.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):

b. Budgetary Policy and Control – The housing authority submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Housing Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Each fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

During the previous fiscal year, the Authority was required to adopt GASB Statement 68, *Accounting and Financial Reporting for Pensions* which requires employers to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. Additional information regarding GASB 68 can be found in Note 8 to these financial statements.

NOTE 2 – Cash and Cash Equivalents

The Authority maintains cash and investments in local banks. These funds are covered by the Governmental Unit Deposit Protection Act of the state of New Jersey, which requires the institutions to pool collateral for all of governmental deposits and have the collateral held by an approved custodian in the authority's name.

Cash and Cash Equivalents of \$2,257,709 and \$1,164,941 at March 31, 2017 and 2016, consisted of the following:

	<u>3/31/2017</u>	<u>3/31/2016</u>
Checking Accounts	\$ 2,157,964	\$ 1,066,757
Cash-Restricted	1,279	12,926
Tenant Security Deposit Accounts	98,416	85,208
Petty Cash Fund	<u>50</u>	<u>50</u>
Total Cash and Equivalents	<u>\$ 2,257,709</u>	<u>\$ 1,164,941</u>

The carrying amount of the Authority's cash and cash equivalents as of March 31, 2017 was \$2,257,709 and the bank balances were \$2,271,129. Of the bank balances, \$500,000 was covered by FDIC insurance and \$1,771,129 was covered by a collateral pool maintained by the banks as required by New Jersey statutes. Cash and cash equivalents, except petty cash are held in the Authority's name.

The Authority's cash and cash equivalents are categorized as prescribed in GASB 40 to give an indication of the level of risk assumed by the Authority. As described above, \$1,771,129 of the authority's deposits exceeded FDIC insurance and were covered under New Jersey's Governmental Unit Deposit Protection Act (GUDPA) which collateralizes securities held by the pledging institutions trust department but are not in the Authority's name.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 3 – Investments

Investments of \$946,783 and \$1,858,454 at March 31, 2017 and 2016 consist of three and five certificates of deposit, respectively.

The certificates of deposit have varying maturity dates greater than three months from the date of purchase and are stated at fair value in the Statement of Net Position, with all gains and losses included in the Statement of Activities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest income is recorded on the accrual basis.

Interest rates on the certificates were 1% during the current fiscal year.

Investments are measured at fair value. Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are adjusted quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Level 1 inputs provide the most realizable measure of fair value as of the measurement date.

Level 2 inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 inputs are significant unobservable inputs for the asset or liability.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

All of the Authority's investments at March 31, 2017 and 2016 are included in Level 1 of the hierarchy

\$250,000 of the Certificates of Deposit are covered by FDIC Insurance and the remainder is covered by third party collateral agreements and GUDPA as required by NJ statute and HUD.

NOTE 4 – Tenant Accounts Receivable

Tenant accounts receivable are stated net of an allowance for doubtful accounts. At March 31, 2017 and 2016 the allowance for doubtful accounts was \$0 and \$1, respectively.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 5 - Fixed Assets

Fixed assets consist primarily of expenditures to acquire, construct, place in operation and improve the facilities of the Authority and are stated at cost, less accumulated depreciation. The following is a summary of the changes in general fixed assets for the fiscal years ended March 31, 2017 and 2016:

	Balance Apr. 1, 2016	Additions	Disposals	Transfers/ Other	Balance Mar. 31, 2017
Land	\$ 586,165	\$ -	\$ -	\$ -	\$ 586,165
Buildings and Improvements	19,255,497	37,500	-	105,000	19,397,997
Dwelling Equipment	693,753	22,956	-	-	716,709
Furniture and Equipment	1,167,224	25,000	-	-	1,192,224
Construction in Progress	365,182	182,418	-	(105,000)	442,600
Total Fixed Assets	22,067,821	267,874	-	-	22,335,695
Accumulated Depreciation	(11,531,511)	(584,811)	-	-	(12,116,322)
Net Fixed Assets	<u>\$ 10,536,310</u>	<u>\$ (316,937)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,219,373</u>

	Balance Apr. 1, 2015	Additions	Disposals	Transfers/ Other	Balance Mar. 31, 2016
Land	\$ 586,165	\$ -	\$ -	\$ -	\$ 586,165
Buildings and Improvements	18,886,905	-	-	368,592	19,255,497
Dwelling Equipment	693,753	-	-	-	693,753
Furniture and Equipment	1,167,224	-	-	-	1,167,224
Construction in Progress	378,236	355,538	-	(368,592)	365,182
Total Fixed Assets	21,149,230	355,538	-	-	22,067,821
Accumulated Depreciation	(10,946,627)	(584,884)	-	-	(11,531,511)
Net Fixed Assets	<u>\$ 10,764,906</u>	<u>\$ (229,346)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,536,310</u>

Depreciation expense for the fiscal years ended March 31, 2017 and 2016 amounted to \$584,811 and \$584,884, respectively.

Expenditures are capitalized when they meet the Authority's Capitalization policy. Under that policy, assets purchased or constructed at a cost not exceeding \$1,000 are expenses when incurred.

Depreciation of Fixed Assets is provided using the straight-line method for reporting purposes at rates based upon the following estimated useful lives:

	<u>Years</u>
Buildings	40
Improvements	15
Furniture	5
Equipment	5
Vehicles	5
Computers	3

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 6 – Payment in Lieu of Taxes (PILOT)

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Borough. Under the Cooperation Agreement, the Authority must pay the Borough the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal years ended March 31, 2017 and 2016 PILOT expense was accrued in the amount of \$80,721 and \$84,098.

NOTE 7 – Accrued Compensated Absences

Accrued compensated absences of \$191,029 and \$186,305 at March 31, 2017 and 2016 represent amounts of accumulated leave for which employees are entitled to receive payment in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service. Employees may be compensated for sick leave at retirement at a rate of one-half of the eligible employee's rate of pay, subject to a maximum sick leave payment of \$15,000.

NOTE 8 – Pension Plan

General Information about the Pension Plan

Plan Description - The Authority participates in the New Jersey Public Employees Retirement System (PERS) which is sponsored and administered by the New Jersey Division of Pensions and Benefits. PERS is a cost-sharing, multiple-employer defined benefits pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). PERS issues a publicly available report that can be obtained at the following website: www.state.nj.us/terasury/pensions/annrpts.shtml.

Benefits Provided - The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits which vest after 25 years of service or under the disability provisions of PERS

The following represents the membership tiers for PERS:

- Tier 1 – Members who were enrolled by July 1, 2007.
- Tier 2 – Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
- Tier 3 – Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
- Tier 4 – Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
- Tier 5 – Members who were eligible to enroll on or after June 28, 2011.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and to tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached service retirement age for the respective tier.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 8 – Pension Plan

Contributions - The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by state of New Jersey legislation. PERS provided for employee contributions of 6.5% of employees' annual compensation, as defined. The employee rate was increased from 6.5% to 7.0% of base salary effective July 1, 2012 plus an additional 1% phased in over 7 years beginning in fiscal year 2013. The housing authority's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. The actuarially determined contribution includes funding for cost of living adjustments and a noncontributory death benefit. The employer contribution rate was 6.78% - 6.92% and 6.64% - 6.78% in fiscal years 2016 and 2015, respectively. Chapter 9, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in 2009. The Authority's contribution for fiscal year March 31, 2017 was \$114,000. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. The unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the measurement date, the Authority reported \$3,790,980 for its proportionate share of the net pension liability. The Authority's portion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's allocation percentage as of June 30, 2016 was 0.01279996%.

The components of the Authority's net pension liability as of June 30, 2016, the most recent evaluation date is as follows:

	2016
Total Pension Liability	\$ 6,332,742
Plan Fiduciary Net Position	2,541,761
Net Pension Liability	<u>\$ 3,790,981</u>

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 8 – Pension Plan (Continued)

Actuarial Assumptions - The Authority's net pension liability for the fiscal year ended September 30, 2015 was determined at a measurement date of June 30, 2016. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial evaluation as of July 1, 2015, which was rolled forward to June 30, 2016. That actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15%
	based on age
Thereafter	2.65-5.15%
	based on age
Investment Rate of Return	7.65%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actuarial experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact will be on future financial statements. In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer after consultation with the Director of the Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target allocation as of June 30, 2015 are summarized in the following table:

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 8 – Pension Plan (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds / Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining total pension liability.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 8 – Pension Plan (Continued)

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Authority as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (2.98%)	Current Assumption (3.98%)	1% Increase (4.98%)
2015	4,645,404.75	3,790,981	3,085,580.14

For the year ended March 31, 2016, the Authority recognized pension expense of \$358,065. At March 31, 2016 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

	Year of Deferral	Amort. Period	Beginning of Year Balance	Normalization of Beginning Balance	Additions	Deductions	End of Year Balance
Differences between expected and actual experience	2015	5.72 Years	\$ 70,359	\$ 68,548	\$ -	\$ 14,523	\$ 54,025
	2016	5.57 Years	-	-	20,081	3,605	16,476
			<u>\$ 70,359</u>	<u>\$ 68,548</u>	<u>\$ 20,081</u>	<u>\$ 18,128</u>	<u>\$ 70,501</u>
Changes of assumptions	2014	6.44 Years	63,132	62,833	-	15,180	47,653
	2015	5.72 Years	253,597	247,067		52,345	194,722
	2016	5.57 Years	-	-	661,712	118,799	542,913
			<u>316,729</u>	<u>309,900</u>	<u>661,712</u>	<u>186,324</u>	<u>785,289</u>
Changes between projected and actual earnings on pension investments	2014	5 Years	(107,624)	(107,114)		(35,705)	(71,409)
	2015	5 Years	62,526	60,916		15,229	45,687
	2016	5 Years	-	-	212,845	42,569	170,276
			<u>(45,097)</u>	<u>(46,198)</u>	<u>212,845</u>	<u>22,093</u>	<u>144,554</u>
Subtotal			<u>341,991</u>	<u>332,250</u>	<u>894,638</u>	<u>226,545</u>	<u>1,000,343</u>
Deferred inflows of Resources:	2014	6.44 Years	-	-	-	-	-
Difference between expected and Actual Expenses	2015	5.72 Years	-	-	59,167	10,344	48,823
	2016	5.57 Years	-	-	9,041	1,623	7,418
			<u>-</u>	<u>-</u>	<u>68,208</u>	<u>11,967</u>	<u>56,241</u>
Changes in Proportion	2014	6.44 Years	35,636	35,467	-	7,988	27,479
	2015	5.72 Years	2,082	2,028		430	1,599
	2016	5.57 Years	-	-	177	32	145
			<u>37,718</u>	<u>37,496</u>	<u>177</u>	<u>8,450</u>	<u>29,223</u>
Subtotal			<u>\$ 379,709</u>	<u>\$ 369,745</u>	<u>\$ 894,815</u>	<u>\$ 234,995</u>	<u>\$ 1,029,566</u>
Authority's Contributions Subsequent to the Measurement Date	2015		112,954				
	2016		-	-	-	-	114,000
Grand Total			<u>537,761</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,143,566</u>

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 8 – Pension Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2017	\$ 215,351
2018	215,351
2019	251,056
2020	209,346
2021	52,999
	<u>\$ 944,103</u>

\$29,223 reported as deferred outflows related to changes in the housing authority's proportion will be amortized over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016 amounts:

Year Ended June 30,	
2017	\$ 9,060
2018	9,060
2019	9,060
2020	3,102
2021	(1,059)
	<u>\$ 29,223</u>

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 9 – Post Employment Retirement Benefits

The Authority also provides post-employment health care benefits to all eligible retirees. Any employee hired prior to May 21, 2010 who retires with 25 years of full time service with the Borough of Cliffside Park Housing Authority and is enrolled with 25 plus years in the NJ State Public Employees Retirement System both the retiree and his/her spouse are entitled to all of the medical, dental, prescription and vision benefits provided to all full time employees without cost to the retiree. Retiree will be reimbursed for Medicare premiums for retiree and spouse. All employees hired after May 21, 2010 will not be entitled to this compensation.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

The Authority's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of employer ("ARC") , an amount actuarially determined in accordance with parameters of GASB Statement No. 45 . The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty (30) years. The following table shows the components of the Authority's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Authority's net OPEB obligation to the plan:

Annual Required Contribution	\$ 222,418
Interest on net OPEB obligation	\$ 26,130
Adjustment to annual required contribution	\$ 40,153
Annual OPEB cost (expense)	\$ 288,701
Contributions made	\$ 148,934
Increase in net OPEB obligation	\$ 139,767
Net OPEB Obligation – beginning of year	\$ 653,259
Net OPEB Obligation – end of year	\$ 793,026

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 9– Other Post Employee Retirement Benefits (OPEB) - Continued

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2017 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
3/31/2015	\$118,156	48.1%	\$527,005
3/31/2016	\$217,074	41.83%	\$653,259
3/31/2017	\$288,701	51.59%	\$793,026

FUNDED STATUS AND FUNDING PROGRES

As of April 1, 2016, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits approximated \$ 3,963,332, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAL) of \$ 3,963,332.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented in the required supplementary information following the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by employer and plan members) and include the types of benefits provided at the time each valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 9– Other Post Employee Retirement Benefits (OPEB) - Continued

Actuarial Cost Method: Projected Unit Credit
Investment Rate of Return: 5.00% per annum

Year	Medical Including Prescription
2015	Costs are Known
2016	8.0%
2017	7.0%
2018	6.0%
2019	5.0%

Actuarial Value of Assets: Market Value
Amortization of UAAL: Amortized as level dollar amount over 30 years at transition
Remaining Amortization Period: 24 years at April 1, 2016

Reconciliation of Plan Participation (As of April 1, 2015)

Active Employees	April 1, 2016	April 1, 2015
A. Average Service	12.1	11.1
B. Average Current Age	53.3	52.3

NOTE 10 – Risk Management

The Authority is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. During the year ended March 31, 2017, the Authority's risk management program, in order to deal with potential liabilities, consisted of various insurance policies for fire, general liability, crime, auto and public-officials errors and omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its Projects for the purpose of determining potential liability issues. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims relating to the commercial insurance have not exceeded the amount of insurance in any of the past three fiscal years.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 11 – Construction Commitments

At March 31, 2017, the Authority's outstanding construction commitments pertaining to its Capital Fund Programs were not material. The costs pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

NOTE 12 – Economic Dependency

For the year ended March 31, 2017, a substantial portion of the Authority's revenues were received from the United States Department of Housing and Urban Development, which are subject to availability of funds and Congressional approval, as well as the Authority's compliance with Federal rules and regulations.

NOTE 13 – Restricted Net Position

Prior to January 1, 2005 excess funds advanced by HUD to the Authority for the payment of housing assistance payments were returned to HUD at the end of the Authority's fiscal year. In accordance with HUD's PIH Notice 2006-03, starting January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of Housing Assistance Payments that are not so utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract. As of November 2007, HUD is reverting to treating these funds as restricted in order to comply with generally accepted accounting principles. HUD has indicated that any HAP amounts received by a PHA and not expended should be reported as restricted cash and restricted net position.

Administrative fees paid by HUD to the Authority in excess of administrative expenses are also part of the undesignated fund balance and are considered to be "administrative fee reserves". Administrative fee reserves accumulated prior to January 1, 2005 are subject to all requirements applicable to administrative fee reserves including, but not limited to, 24 CFR982.155 – i.e. "other housing purposes permitted by state or local law". Excess administrative fees earned in 2005 and subsequent years must be used for activities related to the provision of tenant-based rental assistance authorized under Section 8 of the United States Housing Act of 1937, including related development activities.

The undesignated fund balance also includes interest income on HAP investments, family self sufficiency program forfeitures and fraud recoveries. The housing authority's portion of fraud recoveries (i.e., the higher of 50% of the amount collected or the reasonable and necessary costs that the PHA incurred related to the collection) must continue to be used for activities related to the provision of voucher assistance authorized under Section 8 of the United States Housing Act of 1937. The balance of the recovery amount must be maintained in the undesignated fund balance account as excess HAP.

In accordance with HUD requirements, the Agency's undesignated fund balance of the Voucher Program consists of the following components as of March 31, 2017 and 2016:

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 13 – Restricted Net Position - Continued

Administrative Fee Reserves included in Unrestricted Net Position	
Administrative Fee Reserves at March 31, 2016	\$ 411,990
Administrative Fee Revenues Earned FYE March 31, 2017	345,692
Administrative Expenses	(455,489)
Port In	(162,627)
Other Income	172,598
Interest income on administrative fee reserves	4,378
50% of Fraud Recoveries	<u>16,311</u>
	<u>\$ 332,853</u>
Housing Assistance Payments Reserves included in Restricted Net Position	
Housing Assistance Payments Reserves at March 31, 2016	\$ 12,926
Housing Assistance Subsidy FYE March 31, 2017	3,641,864
Housing Assistance Payments FYE March 31, 2017	(3,670,077)
50% of Fraud Recoveries	<u>16,311</u>
	<u>\$ 1,024</u>
Administrative Fee Reserves included in Unrestricted Net Position	
Administrative Fee Reserves at March 31, 2015	\$ 879,930
Administrative Fee Revenues Earned FYE March 31, 2016	370,754
Administrative Expenses	(419,014)
Port In	(244,886)
Other Income	257,454
GASB 68 Prior Period Adjustment	(446,521)
Interest income on administrative fee reserves	7,833
50% of Fraud Recoveries	<u>6,440</u>
	<u>\$ 411,990</u>
Housing Assistance Payments Reserves included in Restricted Net Position	
Housing Assistance Payments Reserves at March 31, 2015	\$ 128,148
Housing Assistance Subsidy FYE March 31, 2016	3,453,850
Housing Assistance Payments FYE March 31, 2016	(3,575,511)
50% of Fraud Recoveries	<u>6,439</u>
	<u>\$ 12,926</u>

NOTE 14 – Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated subsequent events through October 30, 2017, the date on which the financial statements were available to be issued and concluded that one subsequent event has occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements. The Authority converted to RAD on April 1, 2017. Beginning January 1, 2018 the funding of the units will be through a project based HAP Contract. For the Balance of 2017 funding will be provided through operating subsidy and CFP Funds.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2017

DIRECT FEDERAL ASSISTANCE - DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

LOW INCOME HOUSING PROGRAM

Operating Subsidy (CFDA# 14.850a)	\$ 903,649
Capital Fund Program (CFDA# 14.872)	<u>343,307</u>
Subtotal	<u>1,246,956</u>

<u>COMMUNITY DEVELOPMENT BLOCK GRANT (CFDA#14.218)</u>	<u>87,500</u>
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HOUSING ASSISTANCE PAYMENTS PROGRAM

Section 8 Voucher Program (CFDA # 14.871)	<u>3,987,556</u>
Subtotal	<u>3,987,556</u>

TOTAL FEDERAL FINANCIAL ASSISTANCE	<u>\$ 5,322,012</u>
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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARD

1. Basis of Presentation - The Schedule of Expenditures of Federal Awards is presented in accordance with generally accepted accounting principles and is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.
2. There were no subrecipient activities during the audit period.
3. The Authority has elected not to use the 10% de minimis cost rate.
4. The Authority received no non-cash assistance.
5. The Authority did not have any HUD issued mortgages or loans.

CLIFFSIDE PARK HOUSING AUTHORITY
 Cliffside Park, New Jersey
 SCHEDULE OF REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY
 For the Year Ended March 31, 2017

	<u>2017</u>	<u>2016</u>
Authority's proportion of the net pension liability	0.01279996%	0.0131382%
Authority's proportionate share of the net pension liability	3,790,980	2,949,281
Authority's Covered Employee Payroll	981,073	912,897
Authority's share of the net pension liability as a percentage of its covered payroll	386%	323%
Plan fiduciary net position as a percentage of the total pension liability	67.05%	47.93%

CLIFFSIDE PARK HOUSING AUTHORITY
 Cliffside Park, New Jersey
 SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO THE
 PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
 For the Year Ended March 31, 2017

	<u>2016</u>	<u>2016</u>
Contractually Required Contribution	\$ 114,000	\$ 358,065
Contribution in relation to the contractually required contribution	<u>(114,000)</u>	<u>(358,065)</u>
Contribution Deficiency/(excess)	<u>-</u>	<u>-</u>
Authority's covered payroll	981,073	912,897
Contribution as a percentage of covered employee payroll	11.62%	39.22%

Cliffside Park Housing Authority (NJ070)
CLIFFSIDE PARK, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2017

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
111 Cash - Unrestricted	\$1,870,141		\$285,525	\$2,348	\$2,158,014	\$2,158,014
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted			\$1,024		\$1,024	\$1,024
114 Cash - Tenant Security Deposits	\$98,416				\$98,416	\$98,416
115 Cash - Restricted for Payment of Current Liabilities			\$255		\$255	\$255
100 Total Cash	\$1,968,557	\$0	\$286,804	\$2,348	\$2,257,709	\$2,257,709
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects	\$62,247	\$843		\$29,696	\$92,786	\$92,786
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous	\$37,189				\$37,189	\$37,189
126 Accounts Receivable - Tenants	\$611				\$611	\$611
126.1 Allowance for Doubtful Accounts - Tenants	\$0				\$0	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable	\$1,023		\$703		\$1,726	\$1,726
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$101,070	\$843	\$703	\$29,696	\$132,312	\$132,312
131 Investments - Unrestricted	\$201,131		\$745,652		\$946,783	\$946,783
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$30,883				\$30,883	\$30,883
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From	\$30,539				\$30,539	\$30,539
145 Assets Held for Sale						
150 Total Current Assets	\$2,332,180	\$843	\$1,033,159	\$32,044	\$3,398,226	\$3,398,226
161 Land	\$586,165				\$586,165	\$586,165
162 Buildings	\$19,070,122				\$19,070,122	\$19,070,122
163 Furniture, Equipment & Machinery - Dwellings	\$716,709				\$716,709	\$716,709
164 Furniture, Equipment & Machinery - Administration	\$1,028,712		\$163,512		\$1,192,224	\$1,192,224
165 Leasehold Improvements	\$327,875				\$327,875	\$327,875
166 Accumulated Depreciation	-\$12,012,810		-\$103,512		-\$12,116,322	-\$12,116,322
167 Construction in Progress	\$442,600				\$442,600	\$442,600
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$10,159,373	\$0	\$60,000	\$0	\$10,219,373	\$10,219,373
171 Notes, Loans and Mortgages Receivable - Non-Current						
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets						
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$10,159,373	\$0	\$60,000	\$0	\$10,219,373	\$10,219,373
200 Deferred Outflow of Resources	\$929,653		\$213,914		\$1,143,567	\$1,143,567
290 Total Assets and Deferred Outflow of Resources	\$13,421,206	\$843	\$1,307,073	\$32,044	\$14,761,166	\$14,761,166
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$42,663		\$9,301		\$51,964	\$51,964
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$7,743				\$7,743	\$7,743
322 Accrued Compensated Absences - Current Portion	\$15,282		\$3,821		\$19,103	\$19,103

Cliffside Park Housing Authority (NJ070)
CLIFFSIDE PARK, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2017

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs			\$4,331		\$4,331	\$4,331
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government	\$80,721				\$80,721	\$80,721
341 Tenant Security Deposits	\$98,416				\$98,416	\$98,416
342 Unearned Revenue	\$1,789				\$1,789	\$1,789
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities						
346 Accrued Liabilities - Other	\$54,998				\$54,998	\$54,998
347 Inter Program - Due To		\$843		\$29,696	\$30,539	\$30,539
348 Loan Liability - Current						
310 Total Current Liabilities	\$301,612	\$843	\$17,453	\$29,696	\$349,604	\$349,604
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other						
354 Accrued Compensated Absences - Non Current	\$137,541		\$34,385		\$171,926	\$171,926
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities	\$3,673,232		\$910,774		\$4,584,006	\$4,584,006
350 Total Non-Current Liabilities	\$3,810,773	\$0	\$945,159	\$0	\$4,755,932	\$4,755,932
300 Total Liabilities	\$4,112,385	\$843	\$962,612	\$29,696	\$5,105,536	\$5,105,536
400 Deferred Inflow of Resources	\$45,657		\$10,584		\$56,241	\$56,241
508.4 Net Investment in Capital Assets	\$10,159,373		\$80,000		\$10,219,373	\$10,219,373
511.4 Restricted Net Position			\$1,024		\$1,024	\$1,024
512.4 Unrestricted Net Position	-\$896,209	\$0	\$272,853	\$2,348	-\$621,008	-\$621,008
513 Total Equity - Net Assets / Position	\$9,263,164	\$0	\$333,877	\$2,348	\$9,599,389	\$9,599,389
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$13,421,206	\$843	\$1,307,073	\$32,044	\$14,761,166	\$14,761,166

Cliffside Park Housing Authority (NJ070)
CLIFFSIDE PARK, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2017

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
70300 Net Tenant Rental Revenue	\$1,443,268				\$1,443,268	\$1,443,268
70400 Tenant Revenue - Other	\$41,781				\$41,781	\$41,781
70500 Total Tenant Revenue	\$1,485,049	\$0	\$0	\$0	\$1,485,049	\$1,485,049
70600 HUD PHA Operating Grants	\$1,084,477	\$87,500	\$3,987,556		\$5,139,533	\$5,139,533
70610 Capital Grants	\$182,418				\$182,418	\$182,418
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue						
70800 Other Government Grants				\$88,396	\$88,396	\$88,396
71100 Investment Income - Unrestricted	\$13,179		\$4,378		\$17,557	\$17,557
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery	\$2,772		\$32,622		\$35,394	\$35,394
71500 Other Revenue	\$256,903		\$172,598		\$429,501	\$429,501
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted			\$0		\$0	\$0
70000 Total Revenue	\$3,004,798	\$87,500	\$4,197,154	\$88,396	\$7,377,848	\$7,377,848
91100 Administrative Salaries	\$294,323		\$155,025		\$449,348	\$449,348
91200 Auditing Fees	\$5,000		\$5,000		\$10,000	\$10,000
91300 Management Fee						
91310 Book-keeping Fee						
91400 Advertising and Marketing						
91500 Employee Benefit Contributions - Administrative	\$356,337		\$191,171		\$547,508	\$547,508
91600 Office Expenses	\$89,043		\$53,462		\$142,505	\$142,505
91700 Legal Expense	\$19,997		\$12,198		\$32,195	\$32,195
91800 Travel	\$4,456		\$2,970		\$7,426	\$7,426
91810 Allocated Overhead						
91900 Other						
91000 Total Operating - Administrative	\$769,156	\$0	\$419,826	\$0	\$1,188,982	\$1,188,982
92000 Asset Management Fee						
92100 Tenant Services - Salaries	\$90,948	\$19,000		\$51,960	\$161,908	\$161,908
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services	\$96,593				\$96,593	\$96,593
92400 Tenant Services - Other	\$72,285	\$6,000		\$13,480	\$91,765	\$91,765
92500 Total Tenant Services	\$259,826	\$25,000	\$0	\$65,440	\$350,266	\$350,266
93100 Water	\$91,047				\$91,047	\$91,047
93200 Electricity	\$303,252				\$303,252	\$303,252
93300 Gas	\$132,046				\$132,046	\$132,046
93400 Fuel						
93500 Labor	\$85,760				\$85,760	\$85,760
93600 Sewer						
93700 Employee Benefit Contributions - Utilities	\$54,989				\$54,989	\$54,989
93800 Other Utilities Expense						
93000 Total Utilities	\$667,094	\$0	\$0	\$0	\$667,094	\$667,094
94100 Ordinary Maintenance and Operations - Labor	\$284,057				\$284,057	\$284,057
94200 Ordinary Maintenance and Operations - Materials and Other	\$50,781				\$50,781	\$50,781

Cliffside Park Housing Authority (NJ070)
CLIFFSIDE PARK, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2017

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
94300 Ordinary Maintenance and Operations Contracts	\$259,655				\$259,655	\$259,655
94500 Employee Benefit Contributions - Ordinary Maintenance	\$297,371				\$297,371	\$297,371
94000 Total Maintenance	\$891,864	\$0	\$0	\$0	\$891,864	\$891,864
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs						
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$55,916				\$55,916	\$55,916
96120 Liability Insurance	\$27,958				\$27,958	\$27,958
96130 Workmen's Compensation	\$27,957		\$12,426		\$40,383	\$40,383
96140 All Other Insurance						
96100 Total Insurance Premiums	\$111,831	\$0	\$12,426	\$0	\$124,257	\$124,257
96200 Other General Expenses			\$10,163		\$10,163	\$10,163
96210 Compensated Absences	\$1,652		\$3,074		\$4,726	\$4,726
96300 Payments in Lieu of Taxes	\$80,721				\$80,721	\$80,721
96400 Bad debt - Tenant Rents						
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$82,373	\$0	\$13,237	\$0	\$95,610	\$95,610
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$2,782,144	\$25,000	\$445,489	\$65,440	\$3,318,073	\$3,318,073
97000 Excess of Operating Revenue over Operating Expenses	\$222,654	\$62,500	\$3,751,665	\$22,956	\$4,059,775	\$4,059,775
97100 Extraordinary Maintenance	\$68,802				\$68,802	\$68,802
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments			\$3,670,077		\$3,670,077	\$3,670,077
97350 HAP Portability-In			\$162,627		\$162,627	\$162,627
97400 Depreciation Expense	\$574,811		\$10,000		\$584,811	\$584,811
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$3,425,757	\$25,000	\$4,288,193	\$65,440	\$7,804,390	\$7,804,390
10010 Operating Transfer In	\$112,956				\$112,956	\$112,956
10020 Operating transfer Out	-\$90,000			-\$22,956	-\$112,956	-\$112,956
10030 Operating Transfers from/to Primary Government						
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss						
10080 Special Items (Net Gain/Loss)						
10091 Inter Project Excess Cash Transfer In						
10092 Inter Project Excess Cash Transfer Out						
10093 Transfers between Program and Project - In						

Cliffside Park Housing Authority (NJ070)

CLIFFSIDE PARK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2017

	Project Total	14,218 Community Development Block Grants/Entitlement Grants	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)	\$22,956	\$0	\$0	-\$22,956	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$398,003	\$62,500	-\$91,039	\$0	-\$426,542	-\$426,542
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$9,493,667	\$105,000	\$424,916	\$2,348	\$10,025,931	\$10,025,931
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$167,500	-\$167,500			\$0	\$0
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity			\$332,853		\$332,853	\$332,853
11180 Housing Assistance Payments Equity			\$1,024		\$1,024	\$1,024
11190 Unit Months Available	4212		4164	0	8376	8376
11210 Number of Unit Months Leased	4193		4006	0	8199	8199
11270 Excess Cash	\$1,765,861				\$1,765,861	\$1,765,861
11610 Land Purchases	\$0				\$0	\$0
11620 Building Purchases	\$182,418				\$182,418	\$182,418
11630 Furniture & Equipment - Dwelling Purchases	\$0				\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0				\$0	\$0
11650 Leasehold Improvements Purchases	\$0				\$0	\$0
11660 Infrastructure Purchases	\$0				\$0	\$0
13510 CFFP Debt Service Payments	\$0				\$0	\$0
13901 Replacement Housing Factor Funds	\$0				\$0	\$0



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Housing Authority of the Borough of Cliffside Park
Cliffside Park, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the Borough of Cliffside Park ("the Program") as of and for the year ended March 31, 2017 and the related notes to the financial statements, which collectively comprise the Housing Authority of the Borough of Cliffside Park's basic financial statements and have issued our report thereon dated October 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the Borough of Cliffside Park's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness the Housing Authority of the Borough of Cliffside Park's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the Borough of Cliffside Park's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. The report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
October 30, 2017



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Housing Authority of the Borough of Cliffside Park
Cliffside Park, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the Borough of Cliffside Park's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the Borough of Cliffside Park's major federal programs for the year ended March 31, 2017. The Housing Authority of the Borough of Cliffside Park's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the Borough of Cliffside Park's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the Borough of Cliffside Park's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of the Borough of Cliffside Park's compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the Borough of Cliffside Park complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2017.

Report on Internal Control Over Compliance

Management of the Housing Authority of the Borough of Cliffside Park is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the Borough of Cliffside Park's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the Borough of Cliffside Park's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, the report is not suitable for any other purpose.


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Wayne, New Jersey
October 30, 2017

HOUSING AUTHORITY OF BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
March 31, 2017

STATUS OF PRIOR AUDIT FINDINGS

The prior audit contained no findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION 1 - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness(es) Identified? _____ yes X no

Significant Deficiencies identified that are
not considered to be material weakness(es)? _____ yes X none reported

Noncompliance Material to Financial Statements Noted? _____ yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness(es) Identified? _____ yes X no

significant Deficiencies identified that are
not considered to be material weakness(es)? _____ yes X none reported

Type of audit report issued on compliance for
major programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with section 2 CFR 200.516(a)
of the Uniform Guidance.

_____ yes X no

Identification of Major Programs

CFDA	
<u>Number</u>	<u>Name of Federal Program or Cluster</u>
14.85	Low Rent Public Housing Program

Dollar Threshold used to distinguish between type A
and type B Programs

\$750,000

Auditee qualified as low-risk?

 X yes _____ no

SECTION 2 – FINANCIAL STATEMENT FINDINGS

None.

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.